

Oral statement by William m. Daley, Secretary of Commerce--
Before the Senate Subcommittee on Appropriations Commerce, Justice, State,
the Judiciary, and Related Agencies

March 4, 1998

I am pleased to present the President's 1999 budget request for the Department of Commerce. Mr. Chairman -- not since Senator McClellan sat in your seat 30 years ago, and C.R. Smith, our 18th Commerce Secretary, sat in mine, has a President submitted a balanced budget. As the 32nd Secretary, I am delighted to be a part of this new era.

This is the first budget that has my mark on it. As I have said before, I hold every position and program to a stern test: is it the most efficient and cost effective way to get the job done? This budget, I think, reflects that standard.

Our request for \$4.9 billion ensures we continue to help grow the economy, without growing ourselves. At the same time, it invests in areas our strategic plan identified as important for the next century. The request is a \$701 million increase -- or 16.7 percent. Two-thirds of that is for the 2000 Census. Without the Census, the increase is 5.6 percent.

Let me highlight what is new in four strategic areas, beginning with economic infrastructure -- and trade, in particular.

Economic Infrastructure

I just returned from a trip to Asia. Obviously our trade deficit with Asia will rise. But I was very frank with our friends in Asia. I said there would be no quicker way to undermine support to help them recover than to see either new trade barriers or foot-dragging on prior commitments. I made it clear Congress and the Administration must know that the increase is not due to such practices.

With this in mind, our budget request strengthens our efforts to ensure other countries are complying with trade laws. This includes expanding our Trade Compliance Center's activities. It also includes increasing staff to meet our new responsibilities under the Uruguay Round agreements for enforcement of our anti-dumping and countervailing duty laws.

At the same time, we want to expand our trade promotion. Last year, our Advocacy Center helped American firms win 60 contracts, together worth \$18 billion. Even so, we are still out-manned and out-gunned by several of our key competitors.

I refer you to Chart 1. This compares what countries spend in non-financing export promotion programs -- basically what we do at Commerce. For every 3 cents we spend, Japan and Germany spend 5 cents; the U.K., 7 cents; France, 18 cents; and Canada, 33 cents. That is per \$1,000 of GDP. Chart 2 looks at relative staffing levels for export promotion per \$1 billion of

GDP. Again, we are among the lowest. Our competitors are investing vastly more than we do. Clearly, we are accomplishing more with less. But if these disparities persist, we risk losing sales and contracts in emerging markets around the globe. For that reason, we want to add a small number of staff overseas to our Commercial Service offices.

Let me also mention that the President wants to help communities and workers adversely affected -- whether by trade, technology, or other factors. Focusing on trade specifically, we propose \$250 million, over five years, to help these communities as part of a new initiative under the Economic Development Administration.

Census

Second, the Census is the most important job we will undertake in this Department, and one of the most important undertakings of this government over the next three years. President Clinton has directed me to produce the most efficient, the most cost-effective, and clearly the most accurate census in the history of our nation. A total of \$856 million is budgeted, an increase of \$466 million. The staff will increase by 5,500 in 1999.

By any measure, the Census is a massive and complex undertaking. We need to make preparations to count more than a quarter of a billion people, who do not readily respond to government questionnaires. We need to complete the address list for 118 million residences. We need to get computers operational and to finalize the statistical design.

Finally, in 1999, we will begin recruiting the at least 260,000 people we will need to work in 2000. For the 1990 census, we found we had to recruit 10 people for every one that was actually employed. Some people we recruit do not show up for the employment test. Some people who pass the test do not come for training. Some people who come for training do not show up to work. There is high turnover of those employed. And all of this will be going on in an economy where there are more jobs than people.

Our request assumes the use of sampling, since we remain firmly committed to it. I recognize some of you may feel differently. So, we have included \$36 million to keep the option for a non-sampling census. But make no mistake: in my view, without sampling, costs go way up and accuracy goes way down.

Technology and Information

Third, with regards to technology, innovations have created new industries and transformed existing ones. But as the keeper of critical economic data, we are straining to keep up. Our industry classifications were developed when Franklin Roosevelt was President. Our current measures of poverty were developed about the time Senator Glenn first visited space. As he re-visits space, we want to re-visit our numbers. So, we are requesting \$57 million to upgrade our nation's statistics.

We are requesting an additional \$141 million for several on-going initiatives across the Department to promote cutting-edge innovations. For example, next year, we start constructing the Advanced Measurement Laboratory in Gaithersburg.

And we have a small request -- \$2.3 million -- but it is an important one: we want to expand the very successful Baldrige National Quality Awards into health care and education.

Sustainable Development

Fourth, we will increase our investments in several sustainable development areas. We are seeking an additional \$123 million for the National Oceanic and Atmospheric Administration.

The loss of life and property damage caused by El Nino is devastating. We cannot prevent bad weather. But we can predict it, so communities and businesses can better prepare. We predicted El Nino six months in advance, better than has ever been done before.

I refer you to Chart 3. We want to increase average lead times for flash flood warnings to 42 minutes. That is up from 18 minutes in 1994. In Chart 4, we want to increase average lead time for tornado warnings to 11 minutes, up from 6 minutes in 1994. We already have made great strides. This saves money, as well. For example, in the last four years, we have become 25 percent more accurate at predicting where hurricanes will strike. For each mile of coastline that does not need to be evacuated, we save at least a million dollars.

Just yesterday, I announced a five-year \$240 million initiative to help communities better prepare for -- and recover -- from natural disasters. This is just one example of how we can pull together the incredible resources of the Department -- working more effectively by working more closely together.

Our budget request also will fully fund the recommendations of my management review of the National Weather Service. General Jack Kelly is the new director. His management challenge is daunting, but I have great confidence in his ability to deliver.

We also are requesting an additional \$35 million to better manage marine fisheries and \$22 million to assess pollution run-off problems. Many of you may recall last year the terrible pfisteria outbreak in the Chesapeake Bay region. This is the kind of problem we want to address.

Let me close on this. Last year, you had a number of concerns I promised to address. I said I would reduce the number of political positions by 100. We have done that. I said we would address long-standing security issues. We have done that, cutting the number of clearances by more than a third -- with more to come. I said we would reform the Advanced Technology Program and the Minority Business Development Administration. We have made progress in those areas, too. And last year, you asked me many questions regarding trade missions. One year later, after putting new guidelines in place, after visiting 21 countries, I can say this: when the American government stands behind our businesses, we have a tremendous impact. Last year's trade missions alone brought billions of dollars in new business to American firms and workers.

It has been a productive year that would not have been possible without your support. I thank you, and I look forward to an even more successful year ahead.